TRUSTS AND MONOPOLIES.

Tariffs as Nursing Mothers—The Conditions That Favors Trusts.

Where Trusts Originate—The Tariff the Chief Cause—Hamilton for a Low Tariff—the Necessaries of Life.

[From the Baltimore Sun.]

NUMBER IX.

We have now reached the stage in our discussion where we may profitably inquire what the conditions are under which trusts may be successfully formed and maintained.

These will be found primarily to be two in number:

First. It must be possible to bring into the trust all, or nearly all, who supply the market with the particular commodity.

Second. The commodity itself must be one of necessary or general consumption which the public cannot do without, or at least will not cease to purchase, because of the proposed advance in price. Any combination among a less number of traders, or among those of some local market which can be easily and readily supplied from elsewhere, cannot sensibly or long affect prices.

Consumers, too, will stint or decline to use articles of voluntary use if they find an attempt is made to raise their price artificially.

WHEN COMBINATION BECOMES EASY.

Now such a combination among traders will become feasible when they are few in number, and their number may be limited either by natural or artificial causes.

An instance of the one would be in any article where production is confined to a small area, so that those who own or control that area may join to fix the prices at any figures "the tariff will bear."

An instance of the second kind would be where the State, or any other effective power, intervenes among trades to give some special advantages to a part or to impose some special disabilities on them; in either case a part are driven from the field.

As the oil fields were for many years practically limited to certain districts in Pennsylvania and the adjacent border of New York, a combination could have been made among the producers of crude oil to increase its price, because nature had limited to their territory the accessible supply for our own and foreign countries.

But the combination did not take place among the oil producers, for whom there was a natural limitation of the area of supply, but among the oil refiners, whose business was open to general prosecution, and was brought about by an artificial limitation of the number of those who could successfully prosecute it. How, then, did a business open to all who chose to enter ubon it, become a virtual monopoly in the hands of a few? The answer was given in a former paper, which told how the railroad companies, possessing the only highways to market, exacted such heavy tolls of all other refiners as to vest in a single favored company and its associates the refining business of the country.

The managers of the railroad companies, through secret contracts, and doubtless for secret reasons, gave protection to this one combination against its competitors until they fostered it into a monopoly strong enough not only to overwhelm its rivals but to defy its creators and also the public.

While competing producers lost in the blighting of their prosperity and the ruin of their business, and while the railroad companies eventually lost the oil carrying trade, the great consuming public are the chief losers, for they are made permanently tributary to the trust.

The Standard Oil Trust is, therefore, the creature of the railroad company, made so strong through their favoritism and protection that it became at last their imperious master.

THE SUGAR TRUST BORN OF THE TARIFF.

In the case of the sugar trust the interference with free competition has come, not from natural causes, nor from the favoritism of the railroads, but from the protection of the government. Under our tariff laws the government says to the consumers of sugar, "You shall not buy a pound of sugar brought from abroad without paying me a tax or fine more than three-fourths of the value of the sugar." Being thus relieved from fear of outside competition, the great concerns into whose hands the large bulk of the refining business had passed found it very easy to form a trust which can rise and keep up the price of sugar. The only limit to this increase of price is the price of corresponding grades of foreign sugar, with costs of freight and the government tax added. Not until that limit is reached can the public get out relief from the exactions of the trust. The sugar trust is therefore the child of the tariff, the first-born of its prolific and ever-increasing brood of trusts. Without the keeping out of foreign sugars by the government through its high tax upon them, it could not for a day hold its power in the American market.

THE WHISKY TRUST A HYBRID.

The whisky trust cannot be charged to any one origin, for it is favored by several rather complex influences. The internal revenue tax, the tariff tax and the habits and tastes of the people all concur to make it possible, and to insure it an almost complete monopoly of the home market. The internal revenue tax helps to throw the production of liquors into the hands of the large distillers, because capital is needed even more for advancing the government tax than for producing, but I am convinced that the removal of that tax would not, as frequently contended, permit the small distilleries to spring up again, because wholesale production has lately become the rule in all articles as easily distributed as whisky. Nor would the removal of all the tariff tax, that is protective enable the foreign producer to sell largely in our markets.

A people generally cling tenacious ly to their national drinks, and will not readily exchange the kinds of liquor or the brands of liquor to which they are accustomed for foreign liquors at the same or even less prices. Moreover it is beyond doubt that we can produce most of our spirituous liquors cheaper than they can be made anywhere else in the world.

THE GAS AND LOCAL TRUSTS.

The gas, street railway and similar local trusts fall rather under the head of natural monopolies, and offer little difficulties, as a rule, to the municipal government under which they attempt to operate. Each city, by its inspection laws, its supervision and its control of service and rates, can protect its residents from imposition. In extreme cases it is justified in dislodging a monopoly by even assuming to discharge the service itself, for where a particular service in its own nature partakes of the nature of a monopoly, the "let alone" policy, which is the ordinary duty of the State, is as disastrous to the rights of those whom the State is bound to protect as its interposition in other cases to foster monopoly. But this is, in my judgment, the last remedy to be thought of, and justifiable only when others fail. Still, it permits us to dismiss these local trusts from further consideration.

THE TARIFF THE GREAT MOTHER OF TRUSTS.

The existing tariff imposes a tax averaging nearly fifty per cent. on the value of all the dutiable goods brought into this country, which in many cases, as in refined sugar and cotton bagging, we have already seen, is entirely prohibitory. Indeed, it is avowedly an extreme protective tariff; that is to say, its duties are not laid to bring money into the treasury, but for the very purpose of keeping out foreign products that might compete with like products made at home. It is, therefore, the nursing mother of trusts. Almost any highly protected article where production may be centralized, like that of refined sugar, is a moderate number of establishments can be made the basis of a trust as readily as sugar. Now the hard condition of the consumer is that the very purposes for which these tariff taxes are laid requires that they shall be laid on the plain necessaries of life. It is a familiar maxim that "Protection, to be available, must be got out of the belly and the back of the great mass of the people." It is, therefore, chiefly in the highly-taxed commodities that supply his primary wants, and which he cannot, therefore, forego, that the citizen is finding himself to-day levied upon by the trusts.

THE PROTECTION OF HAMILTON AND CLAY.

The theory of the protective tariff of Alexander Hamilton, and afterwards of Mr. Clay, was that it gave a premature and temporary assistance to young industries to get them on their feet earlier than they could of their own strength if subjected to foreign competition. And Mr. Hamilton expressly opposed excessive rates as tending to monopoly, and said that if after a reasonable time any industry still needed protection, it was proof that there were natural impediments to its building up in the country, and it should be abandoned. In our centennial year tariff rates are six or seven times higher than Mr. Hamilton first arranged them in the infancy of the country and in the beginning of manufactures. Moreover, there is not an instance in all that hundred years of any industry once admitted into the government hospital that has not at once become a professional "old soldier," and forever afterward whined with terror or shrieked with rage at the suggestion that it should again face active competition in the ranks. And by both Mr. Hamilton and Mr. Clay protection was granted on the fundamental condition that those engaged in the fostered industries, so as to give the consumer, whose taxes supported them, the benefit of their cheapest production, in order that he might be relieved as soon as possible of the burden of carrying them.

THE PROTECTION OF TO-DAY.

But the theory of those who defend the existing rates is not that of Hamilton or Clay, but of Henry Carey, to whom protection meant not a temporary aid to home industries until they could get firmly on their feet, but a permanent and complete prohibition of foreign products the like of which could be produced in this country. He believed and taught that it would be beneficial to us to have the oceans which encompass us turned into a sea of fire.

If my venerable friend, Judge Kelley. who has done me the honor to write me that he is reading these papers, happens to peruse this paragraph he will not object, I believe, to my saying 'that both his teaching as a statesman and his practical work as a lawmaker is framing our tariffs since 1861 have been in accord with the doctrines of Mr. Carey.

TARIFF CAUSES OVERPRODUCTION.

But the tariff is otherwise responsible for trusts. The high bounties it offers in many industries cause an extraordinary rush into them on the part of those who are tempted by the promise of greater profits than can be made in industries pursued under normal conditions. This rush leads, sooner or later, to excessive production, and then, to escape the loss threatened by an overstocked market, resort is had to some kind of combination to maintain prices and to control supply.

The circle is, first, excessive stimulation; next, excessive production, and lastly combinations against the consumer. I know it is strenuously denied by defenders of our tariff that it is chargeable with the great movement in the United States in recent months toward the formation of trusts, and we are told that we are not the only people who are the victims of these combinations. I have already said there may be natural monopolies, as when a single country or region produces the entire supply. In such a case—whether that region be one of our States, or England, Holland or even the petty republic of San Marino—it is perfectly feasible for producers to form a trust if consumers must and will still buy their products at artificial prices. Combinations of some kind or attempts to form them are as old as the history of trade. I do not deny that a trust such as the Standard Oil or the whisky trust might arise in any country under the same conditions, tariff or no tariff. But such combinations as our trusts in the prime necessaries of life, in food and clothing, which are produced by no one people, but freely in many countries, can be formed only in a country that surrounds its products with a wall of protecting duties against supplies from without. The impracticability of forming an international combination among producers of an article found in many countries is shown by the collapse of the recent copper pool, carrying with it the second strongest bank in France, but, as I suspect, not affecting the power of the owners of the great Michigan copper mines to continue exacting from American consumers the excessive prices made possible by the high tariff rates they secured from Congress over the veto of Andrew Johnson. The recent movement of the paper manufacturers in England to form a "ring" was met by publishers with the threat that they would get their paper from other countries if their own mills attempted to combine to squeeze them. As the government does not shut off the outside supply it is clear that consumers were in no danger of having to pay monopoly prices.

WM. L. WILSON.

AN ODD INDUSTRY.

Mme. Vanard, a poor woman in Paris, arrived at competency by collecting orange peel, and thereby not only helped herself but gave occupation to others. She became a rich person, a great patroness of art and a regular habituee of the opera. Her husband was a distiller of spirits, and when he died she tried for some time to carry on the distillery alone, but without success.

Talking over matters one day with a friend she was much struck with a remark that he made, to the effect that there was a fortune to be realized in the orange and lemon peel which was daily thrown away by the garcons of the cafes.

The next thing she did was to sell her stock in trade and become a sort of amateur chiffonniere with this difference, that the object of her quest was orange and lemon peel only.

She had a tiresome task at first, but as soon as she got to be known she prospered so rapidly that she was ere long able to employ other hands to do the dirty work of collecting the material from the streets, and also from the theaters, for the sweeping of which she contracted.

She presided herself over some thirty young women in her orange and lemon peel warehouse, all of whom were busily occupied in cleaning, pressing and packing the peel as it arrived, an operation which she christened by the word "zester." Vast quantities of zeste were daily sent away to all parts of France and abroad to form the basis of Dutch curacoa, orangeade, citronade, and the many kinds of light drinks and aperients which are met with over the Continent. She has now retired from business and enjoys the fruit of her former hard-earned labor.

"If a government contracted a debt with a certain amount of money in circulation, and then contracted the money volume before the debt paid, it is the most heinous crime a government could commit against the people." —*Abraham Lincoln.*

THE COMING SLAVERY BY THE DESPOT GOLD.

In 1868 the export value of wheat was $1.91, for 1888 the average value was $.854. The production for all the United States was 224,036,600 bushels in 1868, and 415,868,000 bushels in 1888. In 1868, 15,910,899 bushels of wheat and 2,076,423 barrels of flour were exported, 65,789,261 bushels and 11,963,574 barrels in 1888. The production increased 85 per cent, the export increased by 313 per cent. on wheat and 478 per cent. on flour. The export has fallen off from 101,971,949 bushels in 1887, and 153,252,795 bushels in 1880. So the comparison is just. Population increased in that time about 60 per cent., or within 15 per cent. of the increase of production. The increased foreign demand represents at least an increased population equivalent to 25 per cent. of our home population in 1868, and probably more. Now, in view of this increased number of bread-eaters which has outstripped production, the cry of "overproduction" is a fraud. But the export average value of wheat has fallen 55.3 per cent. of the value in 1868.

DO YOU KNOW WHY?

Take cotton, for wheat, cotton, corn and land are, next to silver and gold, the best known measures of values. The cotton crop of 1868 was 1,173,431,114 pounds, for 1888, 3,439,172,391 pounds. The export was 785,415,226 pounds in 1868 and 2,264,324,798 pounds in 1888. The average export value was 19.2 cents in 1868 and 9.8 cents in 1888. The export value has fallen 49 per cent. By the census report of 1880 the annual consumption of cotton per capita was, on an average, 16.15 pounds in 1831, and 40.8 pounds in 1880 for England. In the United States it had risen from 6.1 pounds in 1831 to 14.96 pounds in 1880, factory system. The export grew by 188 per cent. since 1868; the total export, on the English average, representing an increased foreign population as consumers of about 30 per cent. of our population in 1868. Our population increased about 60 per cent., total about 100 per cent. increase in the consumers of cotton, and the annual average consumption per capita increased over 100 per cent in 50 years. In the face of the cry, "overproduction!" we find these statistical facts in the United States reports and yet the value of cotton has depreciated about 50 per cent.

DO YOU KNOW WHY?

The same depreciation may be shown in other products of land and labor.

DO YOU KNOW WHY?

Take land. A mortgage debt contracted in 1868 of, say, $1,000 at 8 per cent. with all interest paid to date, but principle still good, is vastly increased by the loss in its debt-paying power. The average yield per acre of wheat is lowering, but if it remained the same, the value per acre fell from $17.29 in 1868 to $10.30 in 1888. That is, the debt-paying power of an acre of wheat land has fallen $7.00 per acre or nearly 40 per cent.

The same state of facts may be shown on other products of land in varying ratios. As a result land has depreciated an average as nearly as I can figure it of about 33 1-3 per cent. or, say, 1 1-2 per cent annually. Your mortgage is growing at that rate, or in effect, $300 increase in 20 years and interest is now nearly 11 per cent.

DO YOU KNOW WHY?

At the time of enacting the first United States coinage laws in 1792 the ratio of gold to silver was 1 to 15.17. The silver dollar was made the unit of value and legal tender. At the time of discovering gold in California in 1848 the ratio was 1 to 15.85. The world's supply had been largely absorbed by the arts, wear, loss and the East Indies. Silver had to be used. Development of the silver mines in the United States began about 1863. Their phenomenal yield has changed the ratio to 15.73 in 1873 when, by a sharp trick of capitalists, John Sherman got a coinage bill through Congress dropping the silver dollar from our coinage and making the *gold dollar the unit of value.* In 1888 the ratio was 1 to 21.10 of silver. In 1873 the value of the dollar of 3.71 grains pure silver, 412 1-2 grains gross weight, in the London market was $1.004. In 1887 it was $.758, a depreciation of 24.5 per cent. of our "dollar of our daddies" in 14 years, or 1 3-4 per cent. annually.

Do you know what this means? It means that GOLD IS RISING IN PRICE FROM 1 1-2 TO 1 3-4 PER CENT. ANNUALLY!

DO YOU KNOW WHY?

In 1847 the yield of gold in the United States was $89,085. It rose to $65,000,000 in 1853, and has steadily declined to $33,000,000 in 1887. It was $48,000,000 in 1868, a decrease of about 33 1-3 per cent. in 20 years to 1888. Mark that. Now the arts consume $16,000,000 a year in this country and the demand is increasing. About one-half of the annual output is used up in other ways than for coinage. The net annual excess of gold exported exceeds the import by about $20,000,000. The arts and export exceed the annual production. It is but a question when the surplus stored during the years following the opening of the mines will be exhausted, just as the great supplies of Mexico and Peru were stolen by Spain and absorbed from Spain by the world and lost. That is the history of gold through all the ages. Every new found supply becomes absorbed from coinage in a few centures and lost to the world's cash box.

In 1868 the United States owed an interest-bearing debt of $2,611,687,851.19 of which $408,401,782 61 bore no interest. A large proportion of the interest-bearing debt was payable in money. It was funded at the demand of capitalists into *coin* bonds, having long years to run. They didn't foresee the future product of our silver mines. Now they ask for GOLD, and United States Treasurers and Secretaries, whether Republican or Democrat, insist that the bonds payable in COIN mean payable in GOLD. These bonds were originally bought for 35 cents to about 60 cents in glod which then equaled $1 in greenbacks. They are now $1.24 to $1.29 on the dollar in gold. 35 to 60 cents on the dollar of the taxpayers promise to pay $1 was good enough for him when he wanted to buy gold. When he wants to buy 10 to $12,000,000 a month of his bonded promises to pay $1, from $1.24 to $129 in gold is good enough for the bondholder. In other words, the public debt through the increased ability of the taxpayer to comply with the exactions of capital has increased over 200 per cent., gold basis. Since 1868 the taxpayers, commonly called the United States, have paid over $2,000,000,000 in gold, interest on this debt, and that, too, on a debt at its highest $2,844,649,626 56, August 31, 1865. Nearly the face of the debt in 1868 has been paid in gold interest since, and you must recall that the $346,681,016 in greenbacks have saved the taxpayers about half a billion in interest.

In the face of this the Secretaries of the United States Treasury, even Manning, a Democrat, supposed to be in the people's interest, recommended that all bonds must be paid in gold, and that the greenbacks be called in and bonds payable in 40 to 50 years be issued instead, payable in gold, as a basis of *National Bank* circulation. This would make the non-interest greenback debt just double, or if the annual increase in the raise of gold continues, add from 160 to 175 per cent. before that debt could be paid; to say nothing of buying the debt at 25 per cent. premium as is now done.

Now, my mortgaged farm, friend, do you know what all this means? It means that gold is rising in price and that capitalists are trying to get an international system of coinage for Europe and America with gold as a basis, silver to be demonetized. It means that irrespective of party, national officials are selected from the ranks of capital and shape national legislation and policy in favor of capital. Silver and greenbacks are too cheap for capital and too abundant. They are to be demonetized because it is difficult to get up a corner on them. The national banks have retired their circulation 52 per cent. in five years. They are in the scheme, too. Land, labor and their production have depreciated 25 to 33 1-3 per cent in 20 years. When gold becomes the unit and sole legal tender and the public debt is all a long time gold bond, CAPITAL WILL CORNER GOLD; and you will have to pay the price.

THAT PRICE IS SERFDROM.

You have read the Hazzard circular in these columns.

"The European plan, led on by England, is capital control of labor by control of money."

In a future number I may show you how to escape the IMPENDING SLAVERY. ERNEST HOLLENBECK.

Upon this one point all authorities on the subject are agreed, to-wit that the large increase in the supply of gold has given a universal impetus to trade, commerce and industry, and to general social development and progress.—*Ernest Seyd 1868, Bullion, p. 6 and 3.*

TAKE CARE OF YOUR HORSE.

To take the utmost care of the horse should be a fixed rule for every farmer, and a standing order for every hired man who has to do with the horses. The old saying, "A merciful man is merciful to his beast," is no doubt true, and a piece of philosophy sustained by the observation and experience of the ages. But this is hardly enough to meet the case with those who have, perhaps, several horses or teams, and the care of which is left to hired help. The beast is not "his," and in cases where he might be a fairly good-tempered man, he becomes thoughtless and careless about the covering of the horse or horses. Our point is that the owner must provide good blankets and make the command imperative, with a penalty, that they be used.

We go much further than the merciful argument. Many owners of horses have been brought up, or have "come up" in a way to have no feeling for their animals. The idea that a horse should actually suffer from the cold, would strike them as absurd, or at least as unimportant. Such men often have one sensitive spot. It is the pocket. Prove to them that blanketing will save them expense of grain and hay, and, therefore, much more than pay the additional expense in the cost of the blankets, and you will touch a more responsive chord than that of pity for the shivering animal. But this fact and principle have been established in thousands of instances. Again it goes without saying that the actual value of the animal is increased by keeping him in good order and good appearance, such as results from a careful blanketing.

To lose a good horse is a great loss to any man; often it is felt more than the mere loss of the money value. But how many horses take cold and die from the effects of neglect properly to blanket. Other diseases are easily developed in connection with or as a result of a cold. A good blanket, then, and rightly used, is in the nature of an insurance policy and better. In the latter case you lose your horse and get a money consideration, scarcely ever adequate, and you are put to great inconvenience till you replace your horse. In the other case you save your horse and probably he will increase in value, while rendering constant and valuable service.

Proper care of your horses at this season, and during the winter, requires blanketing not only in the stable and at night, but more imperatively when they are left standing in harness. To be sure most farmers take their stable blanket along when they are out driving in the winter. They do not always remember to do it at this season. We advocate two sets of blankets, one for the stable and one for out of door use. It is not absolutely necessary, but it is better. Then if one set is kept in the wagon or buggy, it is not forgotten or left behind, as is often the case with the stable blanket.—*Southern Cultivator.*

"All intelligent writers on currency agree that when it is decreasing in amount, poverty and misery must prevail."—*Sec. Crawford's Report* 1820.

EARLY CROWING BEOFRE CHRISTMAS.

Said a lady to the writer a few days since: "Why is it that the chickens crow so much earlier in the night during December and just before Christmas, than at any other season of the year? It seems to me that they crow earlier in the night and louder and oftener then than at any other season."

It is true that they do crow earlier in the night during December, and crow more then at night than in any other month in the year, and for this reason: The days are shortest in December and the nights are the longest of all the year. In December the fowls go to roost shortly after 4 o'clock in the afternoon on cloudy days, and by 5 o'clock in bright weather. The result is the cocks begin to crow about 8 or 9 o'clock in the night and crow about every two house until daylight, when they leave the roost. Daylight at this time does not come until nearly 6 o'clock a. m., so the cocks have five or six crowing spells during the night. When the days are longer and the nights are shorter it is different. For instance, in June the fowls do not go to roost until about 7 p m. Twilight lingers until 8 o'clock, so the first crowing spell of the night does not begin until three or four hours later, nearly midnight. Daylight comes again by 4 o'clock a. m., so the cocks seldom crow more than three different periods during the night.

This explains why the fowls seem to note the approach of Christmas, and to crow more and oftener then than at any other season.—*Tennessee Farmer.*

SHIPMENT OF IRON ORE.

DETROIT, Dec. 14.—Shipments of iron ore by water from the Lake Superior mines show the season's work to have been unprecedently large, the total figures being 6,804,511 tons. This is 2,182,564 tons in excess of the lake shipment of 1888. The shipments by rail for the year have been not less than 300,000 tons more.

This winter the mines will be worked strongly and shipments will begin next season from large stock piles, so that if the demand continues the mines can very easily beat their record of this year in 1890. Of this year's shipments almost one-half went from Escanaba.

Contracts have already been entered into at Cleveland for 3,000,000 tons of ore for next season at $1.35 from Marquette.—*Exchange.*

"We find that in every kingdom into which money begins to flow in greater abundance than formerly everything takes a new face; labor and industry gain life, the merchants become more enterprising, the manufactures more diligent and skillful, and the farmer follows his plow with greater attention and alacrity. The good policy of the government consists of keeping it, if possible still increasing as long as there is an undeveloped resource or room for a new emigrant. A nation whose money decreases, is actually weaker and more miserable than other nations which possess less money, but are on an increasing hand."—*Hume, in Essay on Money.*